

Opening Statement of
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Oversight and Investigations

**“Implementation of EFT requirements of the Debt Collection Improvement
Act of 1996 and the use of ETAs”**

June 20, 2001

I want to commend the Chairwoman of the Subcommittee, Mrs. Kelly, for undertaking this oversight hearing today on the implementation of what has come to be known as “EFT 99” -- the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996.

The oversight function of Congress is not always fully appreciated unless it makes front page news. Yet it is a critical ongoing responsibility of this body to ensure that the executive branch implements the laws passed by Congress fully and fairly. At this five year milestone for EFT 99, I think it appropriate for the Committee to undertake precisely this kind of oversight and take full inventory of what is working and what is not. I welcome our distinguished witnesses and look forward to hearing their views.

Without getting into the details on how the program is working, I would like to make a general observation on EFT 99. Simply put, it is hard to find another congressional initiative that so well serves the interests of the taxpayer, the government, and the consumer, all at the same time.

First, the American taxpayer is a major beneficiary of EFT 99. According to information provided to the Committee by the Treasury Department, paper check volume has dropped by a total of 581 million checks since FY 1995. Based on the difference between the cost of issuing a paper check and the cost of making an electronic transfer, that means a cost savings of over \$240 million.

Second, the federal government is also a major beneficiary. EFT 99 is making federal payment programs simpler, more secure and more efficient. Again, according to Treasury, at the same time that check volume has decreased generally, the number of forged, altered, and counterfeit checks has decreased by nearly 79,000 since FY 1995. This resulted in a \$40.9 million decrease in losses associated with check fraud. In addition, because EFT 99 also applies to the business side of government, major strides are

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being made in converting millions of Federal payments for goods and services from paper check to EFT.

Finally, EFT 99 is a big plus for the consumer. Millions of recipients of federal check payments are learning about the benefits of electronic funds transfer through a Treasury-sponsored public education campaign. As a result, many federal beneficiaries are signing up for regular direct deposit at local financial institutions. Those that don't qualify – for credit or other reasons – for a traditional bank account now have access to a new federally -designed and -subsidized electronic transfer account (ETA). Many of the “unbanked” in this country are low-income, elderly, or disabled, and the ETA can be a gateway to bring these individuals into the financial mainstream in this country.

I look forward to hearing what progress has been made in bringing the benefits of 21st Century electronic banking to all Americans. Thank you.